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Page 1 of

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July 2000

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MEMORANDUM FOR: Associate Deputy Director for Operations

VIA: [REDACTED]

SUBJECT: Project [REDACTED] Amendment No. 1 for
FY 1973 and Renewal for FY 1974

1. The [REDACTED] Project provided financial support to the Chilean National Party (PN), a conservative party which was strongly opposed to the Marxist Popular Unity (UP) government of President Salvador Allende. This support was designed to increase the PN's effectiveness in countering government efforts to perpetuate itself in power. With the exception of the [REDACTED]

[REDACTED] all funds passed to the PN during FY 1973 were approved for this purpose by the 40 Committee. The FY 1974 renewal requests funds only for [REDACTED]

2. Because of the sensitivity of Agency support of political parties opposed to the Allende regime, it is requested that normal staff review of this project be waived as in the past and that the project amendment and renewal be presented directly to the ADDO.

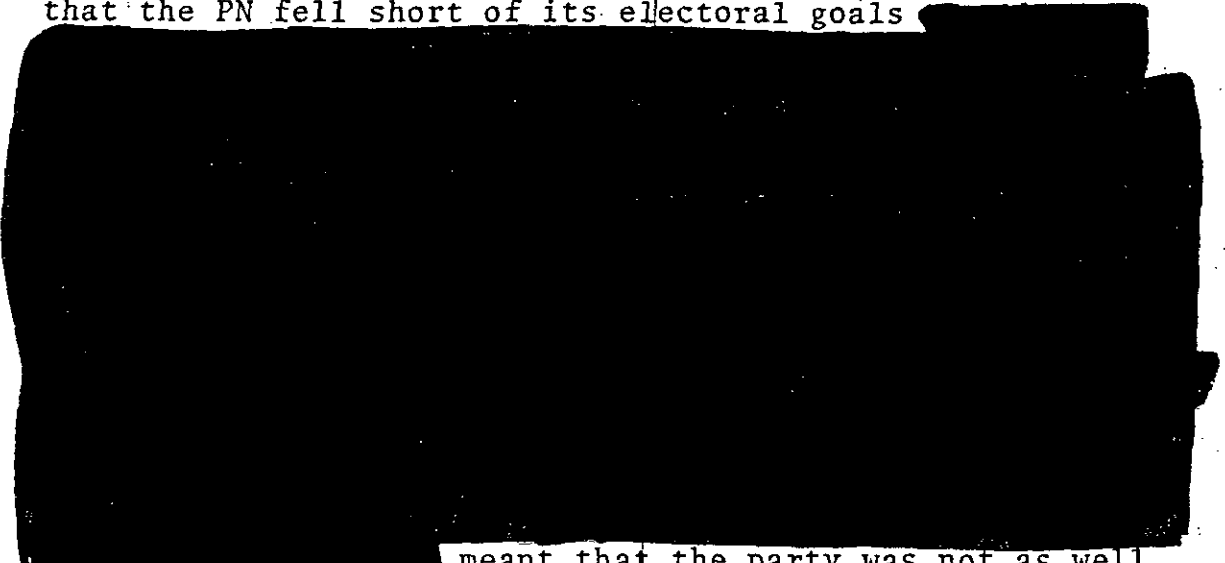
3. The PN continues to represent the interests of land-owners, businessmen and the middle class. It is now the second largest party in Chile, having jumped from fourth place as a result of the 4 March 1973 congressional elections. [REDACTED]

4. A detailed description of project activities and accomplishments during FY 1973 has been provided in [REDACTED]

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regular reports to the 40 Committee. Funds provided to the party were used to strengthen the party organizationally in anticipation of the March congressional elections, and campaign funds enabled the party to win three new Senate seats (for a total of 8) and one new deputy seat (for a total of 34). This showing was good, but by no means as strong as the PN had anticipated it would be. One reason that the PN fell short of its electoral goals



meant that the party was not as well prepared for the election as it should have been. The PN has, however, maintained the strongest and most consistent anti-government posture of all opposition parties, and owes its increased membership and electoral strength to its vigorous and clearly expressed ideological positions.

5. The [redacted] Project was approved for [redacted] for FY 1973; this approval represented [redacted] which was authorized by the 40 Committee on 26 October 1972 for the PN's electoral campaign in preparation for the 4 March 1973 congressional elections. [redacted]

[redacted] On 12 February 1973 the 40 Committee approved additional funds for the March 1973 congressional election, of which [redacted] was authorized for the PN.

6. On 30 August 1973 the 40 Committee approved [redacted] for the support of the PN during FY 1974 but this approval was invalidated by the military coup of 11 September 1973.

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None of the funds approved for the PN had been passed to the party prior to the coup. Since then, the PN has adjusted easily to the new government [REDACTED]

[REDACTED] The PN hopes that when new elections occur it will be able to campaign as the government's party and to stand on the government's accomplishments. The PN [REDACTED]

[REDACTED] feels that if it succeeds in becoming the government's political standard-bearer it will not need further U.S. Government financial support. If, however, sound operational reasons develop during FY 1974 for subsidizing the PN, funds can be taken from [REDACTED]

[REDACTED] being requested in a new 40 Committee proposal to cover any PN requests which the Ambassador and the Station consider important and deserving of support.

7

8. Ambassador Davis concurred in all proposals presented to the 40 Committee and was kept fully informed of all project activities, although he is unwitting of our relationship with [REDACTED]

9. It is requested that the [REDACTED] Project be amended for FY 1973 in the amount of [REDACTED], which was authorized by the 40 Committee. This amendment will bring the total cost of the project for FY 1973 to \$580,666. It is also requested that the project be renewed for FY 1974 for [REDACTED]. This amount represents [REDACTED]

[REDACTED] These funds were included in the [REDACTED] programmed for the project in the WH Operational Program for FY 1974. Funds are not available to cover any costs which may be incurred as a

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result of subsequent 40 Committee approvals [REDACTED]
[REDACTED]

[REDACTED]
Western Hemisphere Division

Attachments

APPROVED:

[REDACTED]
Associate Deputy Director for Operations

26 Dec 73
Date

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